

**HAWAII QUEST Expanded
SECTION 1115 DEMONSTRATION
FACT SHEET**

Name of Section 1115 Demonstration:	QUEST Expanded
Waiver Number:	11-W-00001/9 (Title XIX)
Date Original Proposal Submitted:	April 19, 1993
Date Original Proposal Approved:	July 16, 1993
Date Implemented:	August 1, 1994
Date 1st Extension Proposal Submitted:	April 1, 1998
Date 1st Extension Proposal Approved:	September 30, 1998
Date 1st Extension Expires:	March 31, 1998
Date 2nd Extension Proposal Submitted:	November 19, 2001
Date 2nd Extension Proposal Approved:	March 18, 2002
Date 2nd Extension Expires:	March 31, 2005
Date 3rd Extension Proposal Submitted:	July 30, 2004
Date 3rd Extension Proposal Submitted:	October 8, 2004
Date 3rd Extension Expires:	June 30, 2005
Date 4th Extension Proposal Submitted:	January 21, 2005
Date 4th Revised Extension Proposal Submitted:	August 30, 2006
Temporary 30 Day Extension:	June 30, 2005
Temporary 60 Day Extension:	July 30, 2005
Temporary 30 Day Extension:	September 30, 2005
Temporary 30 Day Extension:	October 30, 2005
Temporary 30 Day Extension:	November 30, 2005
Temporary 30 Day Extension:	December 30, 2005
Date 4th Extension Proposal Approved:	January 30, 2006
Date 4th Extension Expired:	June 30, 2008
Date 5th Extension Proposal Submitted:	February 17, 2007
Date 5th Extension Proposal Approved:	February 1, 2008
Date 5th Extension Expires:	June 30, 2013

BACKGROUND

Hawaii's QUEST Expanded is a statewide comprehensive section 1115(a) Demonstration that expands Medicaid coverage to children and adults that was implemented on August 1, 1994. The demonstration builds upon the Hawaii Prepaid Health Care Act (HPHCA), an ERISA waiver, which requires all employers to provide insurance coverage to any employee working more than 20 hours per week. Together these programs have resulted in an unprecedented State, private/public partnership that directly influences and improves the rate of uninsurance.

In February 2007, the State renewed its 2005 request to amend the demonstration to include the aged, blind, and disabled (ABD) populations. Although the State requested approval of the ABD Amendment to transition these beneficiaries as a part of the 2005 renewal, the request was set aside during the extended negotiations. The approval of the State's extension request incorporated the programmatic features of four of the State's existing home and community-based services (HCBS) 1915(c) waivers to the Demonstration. The ABD populations will be migrated to a capitated managed care delivery system for all covered services, including primary, acute, HCBS, and long-term care. Simultaneous approval of the renewal and ABD Amendment is critical to ensure a smooth transition and implementation of the program.

Transition of ABD Populations to Capitated Managed Care

Transitioning the ABD and HCBS populations to capitated managed care requires major programmatic planning and implementation initiatives. The funding for four HCBS 1915 (c) waiver programs will be transitioned to section 1115 Demonstration authority as "mirror image" programs during the State's strategic implementation. At the time of approval, the title XIX funding for four HCBS 1915 (c) waivers transitioned to the Quest Expanded demonstration as fee for service expenditures during the transition period, and will become managed care capitated service expenditures once QUEST Expanded Access (QExA) is operational (Planned for February 1, 2009.) The transitioning HCBS programs include: Nursing Homes Without Walls (NHWW), Residential Alternatives Community Care Program (RAACP), Medically Fragile Community Care Program (MFCCP), and the HIV Community Care Program (HCCP).

5-year Extension

The State has requested that the program renewal be processed as a 5-year section 1115(a) Demonstration incorporating the ABD amendment QExA. A 5-year renewal is appropriate due to the significant programmatic changes, transition timeline for the new populations into the new delivery system and the incorporation of substantially all of the costs of the ABD population into budget neutrality. This approach is consistent with policy established with the October 2006, renewal of the Arizona section 1115 demonstration. The Arizona renewal was approved for five years to accommodate a requirement to bring a similar existing managed care population into budget neutrality. The Hawaii proposal goes beyond budget neutrality. The amendment and renewal provides for the transition the populations and services into the demonstration and implement the managed care delivery system in the 5-year period.

Programmatic integration will allow the State to leverage QUEST Expanded programmatic savings in the transition to a managed care model for ABD beneficiaries; it will streamline the administrative burden of maintaining five separate programs; and it will support the State's strategic effort toward implementation and possible expansion of an appropriate, integrated, care and service model based upon beneficiary need, as well as access to quality care and providers while removing programmatic stovepipe delivery systems and care models.

Quest-Net Adults between 200 and 300 percent of the Federal poverty level (FPL)

The Quest-Net Adult program covers some adults up to 300 percent of the FPL. The Quest-Net Adult package is more limited than the Quest/Medicaid benefits and enrollees must pay a premium. The program is limited to those who have lost eligibility for Medicaid or for QUEST -

thus, QUEST/Medicaid enrollees are not discouraged from increasing income or assets for fear of losing their health coverage through Medicaid. The program has been in existence since 1996 and has been approved at each renewal since that time.

The program is not very large. The number of adults in QUEST-Net Adult with incomes between 200 and 300 percent of the FPL is approximately 220. The State “grandfathered” currently enrolled beneficiaries that qualify in this category of coverage, and changing the upper limit of the FPL to 200 percent for new eligibles.

200 – 300 Percent of the FPL SCHIP/MCHIP Children

The State was required to submit a SCHIP State plan amendment to add the children between 200 percent and 300 percent of the FPL (inclusive) to both the SCHIP and Medicaid State plans no later than 30 days from the approval letter date with an effective date retroactive to January 1, 2008. These children were previously approved as a title XXI expansion population under the Demonstration. The submission of these state plan amendments allowed for the title XXI demonstration to expire.

Eligibility

Mandatory and optional Medicaid and/or SCHIP State Plan groups described below are subject to all applicable Medicaid laws and regulations except as expressly waived under authority granted by this Demonstration. Those groups made eligible by virtue of the expenditure authorities expressly granted in this Demonstration are subject to Medicaid and/or SCHIP laws, regulations and policies except as expressly identified as not applicable under expenditure authority granted by this Demonstration.

Below is a chart that provides an overview of the eligibility groups. Eligibility will be determined by the Hawaii Medicaid State Plan, the Hawaii SCHIP State Plan, or the definition(s) of demonstration eligible expansion populations.

Medicaid Mandatory State Plan Group(s) (Categorical Eligibility)	Eligibility Component	Federal Poverty Level and/or Other Qualifying Criteria	Funding Stream	Expenditure and Eligibility Group Reporting
Infants under age 1	Quest	Up to and including 185 percent FPL	Title XIX	State Plan Children
Pregnant women	Quest	Up to and including 185 percent FPL	Title XIX	State Plan Adults
Children 1-5	Quest	Up to and including 133 percent FPL	Title XIX	State Plan Children
Children 6-18	Quest	Up to and including 100 percent FPL	Title XIX	State Plan Children
Adult AFDC-related family members eligible under Section 1931	Quest	Up to and including 100 percent FPL	Title XIX	State Plan Adults

Section 1925 Transitional Medicaid Adults	Quest	<p>Coverage is for two 6-month periods due to increased earnings, or for 4 months due to receipt of child support, either of which would otherwise make an individual ineligible for continued coverage under section 1931.</p> <ul style="list-style-type: none"> • In the second 6-month period, family income may not exceed 185 percent FPL. 	Title XIX	State Plan Adults
Aged, Blind, or Disabled	QExA	SSI related using SSI payment standard	Title XIX	<p>Prior to QExA Implementation: State Plan ABD NHHW RAACP MFCCP HCCP</p> <p>Post QExA Implementation: Aged with Medicare Or Aged without Medicare Or Blind/Disabled without Medicare Or Blind/Disabled with Medicare</p>
SCHIP State Plan Groups	Eligibility Component	Federal Poverty Level and/or Other Qualifying Criteria	Funding Stream	Expenditure and Eligibility Group Reporting
Children through the S-CHIP	QUEST-Net Children	Above 100 up to and including 300 percent	Title XXI	Opt St Pl Children ²

Medicaid expansion ¹		FPL and for whom the State is claiming title XXI funding		
Optional Medicaid or SCHIP State Plan Groups (Categorical Eligibility)	Eligibility Component	Federal Poverty Level and/or Other Qualifying Criteria	Funding Stream	Expenditure and Eligibility Group Reporting
Foster Children (19-20 years old) receiving foster care maintenance payments or under an adoption assistance agreement	Quest	Up to and including 100 percent FPL	Title XIX	Foster Care (19-20)
Medically Needy AFDC-related Adults and Children	Quest	Up to and including 300 percent FPL, if individuals otherwise eligible under State Plan groups described above spend down to Medicaid income limits.	Title XIX	Adults = Opt St Pl Adults Children = Opt St Pl Children
Children who are not eligible for SCHIP under the Medicaid State Plan	QUEST-Net Children	Up to and including 300 percent FPL - who could be eligible through 1902(r) (2), and for whom the State is claiming title XIX funding.	Title XIX	Opt St Pl Children
Aged or Disabled Adults	QExA	SSI-related net income up to and including 100 percent FPL for family size	Title XIX	Prior to QExA Implementation: State Plan ABD NHHW RAACP MFCCP HCCP Post QExA Implementation: Aged with

¹ The State is required to submit corresponding title XIX and title XXI State Plan amendments, effective January 1, 2008, to include coverage of children above 200 percent up to and including 300 percent FPL.

² Reported under Title XXI Allotment Neutrality if allotment is available.

				Medicare Or Aged without Medicare Or Blind/Disabled without Medicare Or Blind/Disabled with Medicare
Individuals in the 42 CFR section 435.217 group who are receiving home and community-based services (HCBS)	QExA	Net income no more than 100 percent FPL using the institutional income rules	Title XIX	Prior to QExA Implementation: NHWW RAACP MFCCP HCCP Post QExA Implementation: Aged with Medicare Or Aged without Medicare Or Blind/Disabled without Medicare Or Blind/Disabled with Medicare
Optional Medicaid or SCHIP State Plan Groups (Categorical Eligibility)	Eligibility Component	Federal Poverty Level and/or Other Qualifying Criteria	Funding Stream	Expenditure and Eligibility Group Reporting
Aged, Blind, and Disabled Medically Needy Adults and Children	QExA	Medically needy income standard for household size using SSI income methodology	Title XIX	Aged with Medicare Or Aged without Medicare Or Blind/Disabled without Medicare Or Blind/Disabled with Medicare
Demonstration	Eligibility	Federal Poverty	Funding	Expenditure and

Eligibles	Component	Level and/or Other Qualifying Criteria	Stream	Eligibility Group Reporting
Adult AFDC related family members who are TANF cash recipients who are otherwise ineligible for Medicaid	Quest	Up to and including 100 percent FPL (using TANF methodology)	Title XIX	Demo Elig Adults
Childless adults who are General Assistance (GA) cash recipients but are otherwise ineligible for Medicaid.	Quest	Up to and including 100 percent FPL (using GA methodology)	Title XIX	Demo Elig Adults
Childless adults who meet Medicaid asset limits*	Quest	Up to and including 100 percent FPL (subject to an enrollment cap presently set at 125,000 for all QUEST programs)	Title XIX	Demo Elig Adults
Adults in QUEST-Net-Adult*	QUEST-Net Adults	Up to and including 200 percent FPL. Must have been previously enrolled in QUEST, but have lost eligibility because income and/or assets now exceed QUEST limits. Must meet QUEST-Net-Adult asset limit. As of February 1, 2008, the FPL for this group is changed from 300 percent to 200 percent. Individuals enrolled at that time are considered “grandfathered” as long as their eligibility is continuous.	Title XIX	Demo Elig Adults
Adults in Quest ACE *	QUEST ACE	Up to and including 200 percent FPL and	Title XIX	Demo Elig Adults

		meet the QUEST Net Adult asset limits.		
Medically needy individuals receiving home-and community-based services	QExA	Medically needy income standard for household size, using institutional rules for income and assets, and subject to post-eligibility treatment of income.	Title XIX	Prior to QExA Implementation: NHWW RAACP MFCCP HCCP Post QExA Implementation: Aged with Medicare Or Aged without Medicare Or Blind/Disabled without Medicare Or Blind/Disabled with Medicare

*This demonstration eligible group excludes employed persons with access to employer-sponsored insurance unless they are receiving financial assistance or are self-employed.

Beneficiaries enrolled in Program for All-Inclusive Care for the Elderly (PACE) are excluded from this Demonstration. Beneficiaries enrolled in the State's Money Follows the Person (MFP) program are included in the Demonstration, however services not available through the QExA program are provided through the MFP program, and are in addition to QExA benefits.

Uncompensated care (UCC) payment funding and QUEST ACE Benchmarks

During the 2006 extension, Hawaii expanded coverage to uninsured adults up to 100 percent of the FPL. In exchange for UCC payments not to exceed \$15 million FFP per year the State was required to meet specified enrollment milestones designed to reduce the number of uninsured. In the event the State could not meet the milestones, it had to submit a corrective action plan to meet and increase enrollment in QUEST ACE. The State's corrective action plan proposed amending the demonstration to increase the FPL from 100 percent to 300 percent for this population. However, current policy precludes any increase of eligibility for adults over 200 percent. With this approval, the FPL for the adults was raised to 200 percent. The FPL increase and recalibration of the enrollment milestones based upon State data will allow the State to meet the milestones in the special terms and conditions (STCs) and access the UCC payments.

Hawaii is also unique in that Federal statute at 42 USC section 1923 currently only allows for a "temporary" allotment for payment adjustments for inpatient hospital services furnished by disproportionate share hospitals, known as a "disproportionate share hospital" (DSH) program.

The State has been granted a one-time legislative distribution of \$7.5 million for Federal fiscal year (FFY) 2008. Hawaii and Tennessee are currently the only States without permanent DSH programs. Through Demonstration authority, Hawaii is currently authorized to access \$15 million dollars per year in uncompensated care payments if benchmarks are met

Budget Neutrality

The QEx Demonstration managed care program has experienced many operational changes as a result of changing managed care trends industry-wide. Hawaii was projected to have a budget neutrality cushion of \$735 million total computable on June 30, 2008. The projections for the extension period estimate an expected cushion of \$2.29 billion total computable based upon expenditure trends expected during this renewal that moves the ABD populations and HCBS programs into the Demonstration.